



## *Trade and Agriculture* **What's at Stake for Utah?**

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Utah produces agricultural products that are exported worldwide. In 2000, the State's total cash receipts from farming topped \$1 billion, and exports were estimated at \$184 million. These exports help boost farm prices and income, while supporting jobs both on the farm and off the farm in food processing, storage, and transportation. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 18 percent in 2000.

Utah's top five agricultural exports in 2000 were:

- # live animals and red meats -- \$77 million
- # hides and skins -- \$50 million
- # animal feeds and fodders -- \$18 million
- # wheat and products -- \$13 million
- # dairy products -- \$12 million

World demand for agricultural products is increasing, but so is competition among suppliers. If Utah's industries are to compete successfully for export opportunities in the 21st century, they need *fair trade* and *more open access* to growing global markets.

### **Utah Benefits From Trade Agreements**

Trade agreements benefit all Americans. The North American Free Trade Agreement and the Uruguay Round Agreement have resulted in annual gains of between \$1,260 and \$2,040 for the average American family of four. Free trade and open markets provide real benefits: lower prices, more choices, and higher incomes.

Utah is already benefitting from a number of trade agreements. While there is much to be done, examples of market opportunities include:

- # Utah benefitted as Japan reduced its tariffs on chilled and frozen beef to 38.5 percent, a move that exceeded its Uruguay Round commitment. Japan's imports of U.S. beef rose from 274,000 tons valued at \$1.3 billion in 1994 to 368,000 tons worth \$1.5 billion in 2000. South Korea eliminated its chilled and frozen beef import quotas in 2001, and will reduce its tariffs to 40 percent by 2004. Supported in part by these changes, South Korea's imports of U.S. beef rose from 60,000 tons valued at \$227 million in 1994 to 143,000 tons worth \$506 million in 2000.

Under the North American Free Trade Agreement, Mexico eliminated its 15-percent tariff on live slaughter cattle, its 20-percent tariff on chilled beef, and its 25-percent tariff on frozen

beef. Its 20-percent tariff on beef offal will be eliminated by 2003. Mexico has been the fastest-growing market for U.S. beef, supported in part by the elimination of tariff barriers. U.S. beef exports to Mexico rose from the 1993 pre-NAFTA level of 39,000 tons valued at \$116 million to 179,000 tons valued at \$531 million in 2000.

- # Utah benefitted from limits set on subsidized wheat exports as a result of the Uruguay Round agreement. These limits influenced the European Union's decision to change its Common Agricultural Policy, ultimately lowering internal EU market prices to world price levels. As a result, annual EU wheat exports dropped from 22 million tons to about 14 million tons as lower market prices stimulated domestic use, and annual EU wheat imports jumped from 1.5 million tons to 4.5 million tons as the levied margin of protection fell. This translates into an 11-percent reduction in global export competition and a 3-million-ton increase in the EU market, half of which is supplied by the United States.

Under the North American Free Trade Agreement, Mexico eliminated import licensing for wheat and is phasing out tariffs. Since 1994, average annual U.S. wheat exports to Mexico have more than doubled, from 20 million bushels to nearly 50 million bushels. In 2000, exports reached 66 million bushels valued at \$200 million.